

April 19, 2004

Ms. Jennifer J. Johnson  
Board of Governors – Federal Reserve  
20<sup>th</sup> Street and Constitution Ave., NW  
Washington, DC 20551  
Attn: Docket No. R-1180

Dear Ms. Johnson:

I appreciate the regulators working toward reducing the regulatory burden on banks and especially on community banks.

They biggest problem we have in our community bank is with the interpretation of the way certain regulations are administered. There are so many forms and disclosures that we are required to give the customer it has become a joke with our customers and a huge burden for our loan officers.

I have been in banking for over 30 years and I can honestly say I cannot recall more than a couple of customers actually reading all of the documents. In community banks we know our customers and they are interested in presenting their case, working with the loan officer and acquiring the loan to finance their need. It is pretty simple. I don't think the regulatory burden we are under is driven by any of our customers.

The regulatory items that are particularly burdensome are: right of rescission, HMDA, and flood insurance.

Right of rescission. I know this is a statutory requirement of lending, but it is one of the most confusing to the customer of all regulations. What makes this especially confusing is that I have never had any customer rescind the loan in all of the years I have been in banking. Generally when a customer has made the final decision to purchase a property they have made sure what they want to do and they do not want to stop the transaction. If this right of rescission could be waived I think you would find the large majority of the customers who would waive it, get the money to close the loan and move into their new home the same day. It is a very unfriendly regulation for the customer.

HMDA. We have just recently come under this burdensome regulation. It is very difficult to interpret how the information is to be reported and if it is done wrong, even though it is not intentional, the penalties are substantial. We have had to devote up to 15 hours per week of one of our employees to administer this program. We are a \$100 million bank in a rural area. Our county has 25,000 population and our bank is located in a town of 7,500. I hardly think we have much to add to the reporting of HMDA. I would suggest that you increase the exemption for this burdensome regulation to \$250 million in assets and set a limit for population that is more realistic.

Flood Insurance. This is another regulation that customers do not understand. It would help if these requirements were more streamlined and simplified. This is another area where the government requires the insurance in certain circumstances, but the customer blames the bank for the problem.

Again, I appreciate your interest in reducing our regulatory burden. It may be useful for you to involve community bankers who actually serve the customer to work on an advisory panel to reduce the burden that is so costly to our banks and customers.

If you have any questions please contact me.

Yours truly,

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